

**MMA Testimony on SB 540 and SB 540  
Senate Insurance Committee  
November 8, 2011**

Thank you Mr. Chair and members of the Committee. My name is Delaney Newberry and I am Director of Human Resource Policy for the Michigan Manufacturers Association. We are opposed to Senate Bills 540 and 541 because of the impact they will have on the cost of health insurance.

MMA represents about 2,500 members that operate in the full spectrum of manufacturing industries, ranging from small manufacturers to some of the world's largest corporations. Manufacturing continues to be the largest sector of our economy, directly employing over 500,000 Michigan residents.

Manufacturers are one of the largest payers of private insurance and group health plans. 91% of Manufacturers offer health care benefits to their employees compared to 71% of all other industries. So in the state of Michigan, whether you're talking about the large group market, self-insured groups, or small-group – manufacturers are the largest purchasers of health insurance benefits in the state.

The Michigan Manufacturers Association has long opposed health insurance mandates, including parity mandates such as SB 540 and SB 540. This is a key issue for our organization and we are opposed primarily because of the impact mandated healthcare benefits have on the cost of employer-sponsored health insurance, but the legislation also presents a number of great concerns for our members, including:

- The legislation will **increase the cost of health insurance** at a time when costs are already rising due to medical inflation and the new federal health care law. As a result of these increases, many job providers may be forced to increase co-pays and deductibles – or stop offering health insurance coverage altogether. So while some people would have this additional coverage, enactment of these bills could cause more people to have no coverage at all.
- We are opposed to any new mandated benefits because **we do not believe government should interfere** with decision-making processes that should be made in the workplace and the marketplace.
- Many insurance **carriers are responding** to new drugs introduced to the market and addressing them on a case-by-case basis. Government intervention is unnecessary.
- Given that the federal ERISA law pre-empts self-insured firms from state mandates, passage of SB 540 and SB 541 will **only impact small- and medium-sized firms**, generally firms with fewer than 100 employees, and individuals purchasing coverage in the individual market, driving up the cost of their health insurance coverage.

It is inconsistent for legislators to express concern over the rising cost of health care while voting in support of measures that contribute to the problem. Piling on more government-imposed health care mandates on Michigan job providers is the wrong answer at the wrong time, especially when you consider the costly mandates included in the federal health care law and the steep curve of medical inflation.

We appreciate your willingness to listen to our concerns and hope that you will not hesitate to contact me if you have questions regarding this or any other matter.